

**SENATE BUDGET AND TAXATION COMMITTEE
SUPPORT WITH AMENDMENT
SENATE BILL 179 - BUSINESS RELIEF AND TAX FAIRNESS ACT OF 2015**

**Presented by Charlie Cooper
February 11, 2015**

The Maryland Education Coalition is asking the General Assembly to reject the Governor's proposed reduction in the inflation allowance for the foundation formula in State aid to education (in the BRFA) and also to mandate the Geographic Cost of Education Index (SB 183).

We have decided to back the combined reporting method as a fair and reasonable method of generating revenue to support the programs for which we advocate. Therefore, we recommend that this Committee amend SB 179 to eliminate the tax forgiveness proposal and enact combined reporting. According to the fiscal note, this provision would provide revenue on a scale very similar to this year's inflation allowance (\$77 million) or the proposed cut in the GCEI (\$68 million).

We believe that collecting taxes on all income earned by national or international corporations from operations in Maryland is a reasonable and objective public policy that would do the State no harm. On the other hand, reducing the inflation factor and the GCEI disproportionately harms these populations:

- Lower wealth per pupil,
- More students with disabilities
- More students with limited English proficiency, and
- More students living in low-income households.
- Students living in higher-cost jurisdictions.

The accumulated reductions to the inflation factor since 2009 amount to over \$700 million per year in reduced State aid to local public schools. Consequently, local schools boards between 2008 and 2013 reduced total instructional staff from 80,541 to 78,678 while enrollments rose from 845,700 to 859,638.ⁱ We should do everything possible to reverse this trend.

SB 183 provides a vehicle to raise revenue to provide for more nearly adequate State aid to public schools. We ask for your favorable report with the amendment so that the revenue can be applied to reverse the trend so that students can get the individual attention they need from instructional staff.

